

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

SECURITIES AND EXCHANGE) Docket No. 09 C 1775
COMMISSION,)
)
Plaintiff,)
)
v.) Chicago, Illinois
) January 19, 2010
THE NUTMEG GROUP, LLC., et al.,) 10:00 o'clock a.m.
)
Defendants,)
)
DAVID GOULDING, INC., et al.,)
)
Relief Defendants.)

TRANSCRIPT OF PROCEEDINGS - MOTIONS
BEFORE THE HONORABLE WILLIAM J. HIBBLER

APPEARANCES:

For the Plaintiff: U.S. SECURITIES & EXCHANGE
COMMISSION, by
MR. ROBERT MacDONALD MOYE
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Chicago, Illinois 60604
For Defendant R. Goulding: MR. RANDALL GOULDING, pro se
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For Defendant D. Goulding KOPECKY SCHUMACHER & BLEAKLEY, by
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Official Court Reporter
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1 (Proceedings had in open court:)

2 THE CLERK: 09 C 1775, SEC versus the Nutmeg Group, et
3 al. Ruling.

4 MR. MOYE: Good morning, your Honor. Robert Moyer,
5 Andrew Shoenthal for the SEC.

6 MR. SHOENTHAL: Good morning.

7 MR. GOULDING: Good morning, your Honor. Randall
8 Goulding, pro se.

9 MR. KOPECKY: Good morning. Jim Kopecky on behalf of
10 David Goulding.

11 THE COURT: Good morning.

12 We are here today for the Court to rule on the SEC's
13 motion for rule to show cause against the defendant Randall
14 Goulding.

15 MR. MOYE: That's right, your Honor.

16 THE COURT: Okay. After the Court has carefully
17 reviewed the petition for the rule, also considered the
18 response and reply thereto, the Court finds as follows: That
19 Mr. Goulding's actions have effectively vested control of
20 INverso in Mr. Hartman, Bonnie Hartman, his wife, and his
21 daughter Heidi Carl as directors of INverso just prior to his
22 resignation.

23 Now, that action has been rescinded by recent actions.
24 But it was an accomplished fact that that in fact occurred.
25 That occurred shortly after the receiver had indicated an

1 unwillingness for Nu-Find, Inc., to complete a transaction
2 whereby they would become the owner of INverso by some process
3 of an exchange. And it was Mr. Goulding's position that that
4 would enure to the benefit of INverso.

5 However, at that point the Court had appointed the
6 receiver, and it was the receiver's decision and not Mr.
7 Goulding's decision as to whether or not such a transaction
8 should take place. After the Court had a hearing, was advised
9 by the receiver that that was not prudent action in the
10 receiver's mind, the Court approved the receiver's decision for
11 that acquisition not to take place.

12 The Court finds that Mr. Goulding, with intent to make
13 an end run around the receiver's objection and the Court's
14 acquiescence in the receiver's decision, he conducted this
15 process by which -- or I should say engaged in these
16 shenanigans by which Mr. Hartman, Ms. Hartman and the child
17 took control of the company, issued more than 3,700,000 shares
18 of preferred stock, and in fact took over the ownership in the
19 controlling interest in INverso with the spaded intent to do an
20 end run around that ruling and to complete this transaction
21 which the Court had quite specifically indicated should not
22 take place based upon the receiver's suggestion.

23 This was not the first and only time that there was
24 action by Mr. Goulding which the Court found were designed to
25 in some manner get around the ruling of this Court. There is

1 no other way that the actions of Mr. Goulding can be
2 characterized.

3 Now, I am gratified to hear that, as I said, the
4 transaction has been rescinded. And the investors are now back
5 in control of that particular company. But the Court is not
6 pleased that these actions have taken place. This has been an
7 ongoing problem. I understand that Mr. Goulding has a great
8 deal of time and energy and money invested in these companies.
9 He wants to see them progress as best they can.

10 But that decision, sir, is now out of your hands. The
11 Court was quite specific in telling you that, whether it be the
12 e-mails that you sent to investors, whether it be this whole
13 thing with the automobiles that was not available when the
14 Court said it should be available, or whether it is this
15 process by which you try and do an end run around the Court's
16 decision as to whether or not there should be this transaction
17 between Nu-Find and INverso.

18 Therefore, the Court grants the SEC's motion for a
19 rule to show cause. As a result of that rule, the Court also
20 orders that you cease any solicitations of Nutmeg investors
21 regarding the INverso offering. Also, the Court also requires
22 that you not interfere in any fashion with any decision made by
23 the receiver in this case, and that you take no action with
24 regards to this entire proceeding without receiving prior
25 approval of the receiver.

1 Now, the SEC, because they have been restored with
2 regards to INverso, is not seeking any further penalties
3 against you. But I want to put you on full notice that the
4 Court finds that your actions in this case have been somewhat
5 contemptuous. If there is any future action such as these with
6 regards to this case in the future, the Court will not be
7 considering a monetary penalty. The Court will be considering
8 a period of time in custody.

9 So you are warned not to do anything that you do not
10 get approval, either from the Court or from the receiver, with
11 regards to these ongoing concerns until this case is resolved.
12 That's the Court's order.

13 MR. GOULDING: Your Honor?

14 THE COURT: Yes, sir.

15 MR. GOULDING: If I could make one comment. Maybe I
16 didn't make this totally clear. I knew that the receiver was
17 against the transaction that was outlined with regard to
18 Nu-Find. And, therefore, I knew that I would -- could not do
19 anything with regard to that. And that's why I chose to
20 resign. And I thought that it would be a very benign action to
21 appoint successor -- a successor. And I gave advance notice to
22 the receiver and asked, if you have an objection please let me
23 know. Otherwise this is what I intend to do.

24 THE COURT: Let me stop you, Mr. Goulding, because I
25 am not going to require you answer these questions. But I will

1 pose a question that I posed to myself in arriving at my
2 decision.

3 When you did that, when you transferred ownership of
4 this company to Mr. Hartman, whom there was some financial
5 dealings between you and he where you owed certain debts to him
6 before you did that. In order to buy your story, the Court
7 then would have to believe that you had no idea, none
8 whatsoever, you didn't pull the string, to have Mr. Hartman
9 then do exactly what you wanted to have done in the first
10 place; that is, to complete this transaction between INverso
11 and Nu-Find.

12 I don't believe it, sir. So I can understand and I
13 give lawyers as lot of credit as being able to make strong
14 arguments with regards to their position. But the facts speak
15 louder. And it happens often time will lawyers, the facts
16 carry the day, not the lawyer's assertion as to what the facts
17 should mean.

18 So the Court's ruling stands. I think everyone is
19 clear that at this point you do not run those companies any
20 further. And if you continue to engage in these activities,
21 you won't be going out that door, sir.

22 Do you understand that?

23 MR. GOULDING: I certainly understand. And I just
24 have to say that I think that this was a terribly
25 misunderstanding. But I do understand.

1 THE COURT: Okay. And just in terms of a final
2 comment, I have been giving you the benefit of the doubt. I
3 have been trying to bend over backwards understanding your
4 passion for these companies. I understand that. But at some
5 point, you know, it's like being married. At some point your
6 wife divorces you and you have to get used to somebody else
7 opening the door for her, taking her to lunch, and doing all
8 those other things.

9 And that's what's happening with the company now.
10 Someone else is taking the company to lunch and directing the
11 company. And until the Court rules differently, that's
12 something you have to get accustomed to.

13 MR. GOULDING: And I think I have, your Honor.

14 THE COURT: Okay.

15 MR. GOULDING: But I'm sorry. I really apologize for
16 the misunderstanding. But I can only say that I really never
17 intended to violate your court order.

18 THE COURT: Okay. Do we have a pending status date
19 or --

20 MR. MOYE: We do, which probably is no longer
21 necessary since the discovery period has been extended. We may
22 want to push that out a while longer. And I think Mr. Kopecky
23 would be very happy if we did.

24 MR. KOPECKY: Yes.

25 THE COURT: What are you folks suggesting then?

1 MR. MOYE: I don't think we had a date suggested. I
2 think the prior date was the 29th. And we could go out another
3 three weeks or so beyond that easily.

4 THE COURT: Okay.

5 MR. GOULDING: I think it was the 27th.

6 MR. KOPECKY: The 27th, yes.

7 THE COURT: Okay. Then the pending status of 1/27 is
8 stricken. Let's go to late February, Jackie.

9 THE CLERK: February 24, that's a Wednesday, is that
10 okay? 9:30?

11 MR. MOYE: Yes.

12 MR. SHOENTHAL: Yes.

13 THE COURT: Okay.

14 MR. MOYE: Thank you, your Honor.

15 MR. KOPECKY: Thank you.

16 MR. GOULDING: Thank you, your Honor.

17 (Which were all the proceedings had at the hearing of the
18 within cause on the day and date hereof.)

19 CERTIFICATE

20 I HEREBY CERTIFY that the foregoing is a true, correct
21 and complete transcript of the proceedings had at the hearing
of the aforementioned cause on the day and date hereof.

22 /s/Alexandra Roth

2/5/2010

23 _____
Official Court Reporter
24 U.S. District Court
Northern District of Illinois
25 Eastern Division

Date